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SENSITIVE  
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USDOC 4231 FOR JBROUGHER, MEDWARDS, JTHOMPSON  
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SUBJECT: PIRATED DISKS STILL WIDELY AVAILABLE IN MOSCOW MARKETS

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SUMMARY  
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¶1. (SBU) A recent visit by econoffs to two of Moscow's electronics markets revealed that despite recent progress, Russia still has a long way to go to reduce the availability of pirated compact disks, DVDs and software to Russian consumers. Vendors at the working-class Savelovskiy market openly sell unlicensed optical disks at steep discounts to licensed material. At the higher-priced Gorbushka market, sellers are more circumspect, reflecting GOR efforts, and pirated material is not as obviously displayed. Still, once the customer starts engaging in the bargaining process, many Gorbushka vendors offer unlicensed disks as a cheaper alternative to licensed products. END SUMMARY.

¶2. (SBU) On October 9, Embassy IPR attache and economic officers visited two of Moscow's main electronics markets, Savelovskiy and Gorbushka, to assess how widely available pirated optical disks are to the Russian consumer.

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SAVELOVSKIY: CORNUCOPIA OF PIRATED DISKS  
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¶3. (U) The Savelovskiy Market in Moscow is adjacent to a major Metro station and one of Moscow's main train stations. The large electronics section consists of dozens of small shops offering cheap (by Moscow standards) prices for mobile phones, TVs, still and video cameras, stereo equipment and optical disks. The market seemed relatively busy (we visited on a Thursday) with a fair amount of foot traffic and customers interested in acquiring cell phones, video games and DVDs.

¶4. (SBU) At a kiosk near the Metro station and at some shops within the market itself, vendors were offering "quality version" unlicensed DVDs of recent Western films such as Iron Man, Wanted, Righteous Kill, Hancock, Hellboy II: The Golden Army, and the Russian film New Earth, for 100-150 rubles (\$3.80-\$5.75 dollars). (N.B. Licensed copies of these movies are widely available in Moscow for 200-300 rubles, or \$7.65-\$11.50 dollars.) In addition to the price difference, the disks were not stamped with the required license number in the center ring, indicating that they were most likely unlicensed copies.

¶5. (SBU) Aside from pirated DVDs, we also saw unlicensed software, apparently counterfeit music players, and disks containing personal identity data that was likely misappropriated from the Russian Government. Some software vendors were offering what appeared to be

homemade copies of the latest versions of Quark Xpress and Photoshop for 200 rubles (about \$7.65), while copies of Windows Vista were available for 150 rubles (\$5.75).

¶16. (SBU) One electronics shop was selling an MP3 music player call an "APod" that looked very similar to an Apple iPod Shuffle. When we asked whether this was an iPod, the salesman said the APod was a "counterfeit from China." One small shop was selling disks containing Russian passport data ("millions of entries" according to the sign) for 1,000 rubles (\$38), customs data for 3,500 rubles (\$134), and a disk containing cell phone numbers from MTS, one of Russia's three major cell phone providers.

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GORBUSHKA: HIGHER PRICES, SUBTLER SALES PITCH  
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¶17. (U) The Gorbushka Market in Western Moscow is a vast, high-end electronics and consumer durables shopping mall that caters to well-off Muscovites and expats. Prices for both licensed and unlicensed disks are higher than at the Savelovskiy Market. In a reflection of recent GOR anti-piracy efforts, a recorded announcement from the shopping mall's loudspeaker reminded customers that licensed DVDs and CDs provide a guarantee of quality.

¶18. (SBU) However, while pirated DVDs are less obviously displayed at Gorbushka than at Savelovskiy, vendors will offer up their unlicensed material at a discount to legitimate DVDs. For instance, some shops were selling the licensed version of Season One of Dexter (the Showtime TV Series) for 800 rubles (\$31), while selling the unlicensed "high quality" version for 500-600 rubles (\$19-\$23). Most stores were offering legitimate DVDs of Iron Man and Righteous

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Kill for 350-400 rubles (\$13.40-\$15.30), and the unlicensed "high quality" version for 200-250 rubles (\$7.65-9.55). Unlicensed copies of Disney movies the Little Mermaid and Enchanted were also selling for 200 rubles (\$7.65).

¶19. (SBU) One vendor in the mall had a "sales bin" containing various DVDs for only 30 rubles each (\$1.15), including the 2007 Russian blockbuster "1612." A street vendor near the Metro Station was selling DVD collections of Russian classic films and of Western children's movies such as the Little Mermaid and Finding Nemo for 120 rubles (\$4.60), and the new Disney Fairies movie for 200 rubles (\$7.65). The street seller said that some vendors would have "low quality" copies of the latest Russian epic film Admiral by October 10 (the day after it opened in Russian cinemas), while a "higher quality" version would be available in a week.

¶110. (SBU) Pirated software was also not hard to find. A computer software vendor was selling an unlicensed copy of Apple's sophisticated movie editing software Final Cut Express for 1,000 rubles (\$38).

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COMMENT  
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¶11. (SBU) Our field trip to the Savelovskiy and Gorbushka markets shows that despite stepped-up GOR efforts, pirated optical disks are still widely available in Moscow to both working class and more well-off consumers. Getting the authorities to take the problem of optical disk piracy more seriously will probably depend on making a convincing case that it is having a significant economic impact on Russia's film, TV, software and recording industries. While pirated versions of Western films, children's movies and TV series are obviously popular with Russians, it is noteworthy that Russian films are also being pirated. In our on-going engagement with GOR officials, we will continue to emphasize that Russian artists and producers, as well as foreigners, will benefit from enhanced enforcement of Russia's intellectual property laws.

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